UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

**The revision of the recommendations
for international merchandise trade statistics**

Report on the Results
of the first round of worldwide consultation

United Nations, New York

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Introduction

The United Nations Statistical Commission at its 39th session (26-29 February 2008) endorsed the initiative and strategy of the United Nations Statistics Division (UNSD) to revise the existing recommendations for international merchandise trade statistics contained in *International Merchandise Trade Statistics, Concepts and Definitions, Revision 2* (IMTS, Rev.2) and requested that the draft revised recommendations be submitted to the Commission for adoption at its 41st session in 2010.

The key element of the revision strategy is a worldwide consultation with national IMTS compilers. The consultation will be conducted in two stages: (i) initial consultation on issues most relevant for setting the scope of the future recommendations in 2008 and (ii) consultation on the full text of the provisional draft of the revised recommendations in 2009.

UNSD is assisted in the revision process by an Expert Group on International Merchandise Trade Statistics (EG-IMTS) consisting of national experts from several developed and developing countries and experts from international organizations. The EG-IMTS met for the first time from 3 to 6 December 2007 in New York and selected 17 issues for which advice was needed at the global level in order to define the scope of the future revised recommendations. The report and presentations of this meeting can be found on the UNSD website (see http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm). The report is very useful if more information on the revision process is needed.

This report presents the results of the first round of worldwide consultation on the 17 issues identified by the EG-IMTS which was conducted between May and July 2008. A total of 115 countries replied to the consultation paper, 34 developed and 81 developing and transitional countries.[1] We received over 1,000 (!) individual and often very detailed comments. We are very grateful to all respondents. The comments provide an excellent basis for the further discussions and for the drafting of the revised recommendations. All country comments will be considered by UNSD and the EG-IMTS prior to the formulation of the draft revised recommendations in the provisional draft of IMTS, Revision 3.

Overall, the quantitative results, but also the comments of countries, indicate strong support for the questions / suggestions on most issues. Please see Annex 1 for a summary of the quantitative results.

The results on the individual issues are presented in two parts:

(1) reference to the relevant existing recommendations in IMTS, Rev.2, or to relevant text of *IMTS, Compilers Manual* (IMTS:CM);

(2) summary of the results.

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[1] There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system. In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania, and Europe are considered "developed" regions (see http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/RegionalGroupings.htm).

A. Results of the worldwide consultation by issue

Issue 1: Coverage

1. Current recommendation

Coverage (IMTS, Rev.2, para. 14). As a general guideline, it is recommended that international merchandise trade statistics record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. Goods simply being transported through a country (goods in transit) or temporarily admitted or withdrawn (except for goods for inward or outward processing; see IMTS, Rev.2, para. 28) do not add to or subtract from the stock of material resources of a country and are not included in the international merchandise trade statistics. In many cases, a country's economic territory largely coincides with its customs territory, which is the territory in which the customs law of a country applies in full.

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 1:   Do you agree that the existing recommendation for coverage should be further elaborated by the clarification of the meaning of the terms used in it, including
  (i)   "adding to or subtracting from the stock of material resources",
  (ii)   "being simply transported" and
  (iii)   "temporary admission"?

Q1 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q1(i) - Replies of 115 countries	82	10	8	1
Developed (34)	91	6	3	0
Developing and transitional (81)	78	11	10	1
Q1(ii) - Replies of 115 countries	75	12	10	3
Developed (34)	82	12	6	0
Developing and transitional (81)	72	12	12	4
Q1(iii) - Replies of 115 countries	85	7	4	3
Developed (34)	91	6	0	3
Developing and transitional (81)	83	7	6	4

There is overwhelming support (82% and 85%, respectively) for part 1 and 3 of the question with slightly less support (75%) regarding the need for clarifying the term "simply transported" (part 2).

Comments from 64 countries were received on this question. Many countries offer specific proposals including such as: (a) identify the criteria which differentiate "adding to or subtracting from the stock of material resources" from "temporary admission" and "being simply transported"; (b) treat goods as adding to the stock of material resources if they become directly available in the economy and as being temporary admitted or simply transported if this condition is not satisfied; (c) do not over-complicate these definitions, keep

them rather concise and practical and provide examples and/or links to customs procedures to clarify the meaning of those terms; (d) do not base general definitions on customs procedures as more and more non-customs data sources are being used; (e) reflect in the definitions the distinct purposes of IMTS and BOP statistics; (f) for identification of temporary admission use the length of stay of goods in a country; (g) provide more details on how to identify temporary admission in the case of customs free zones; (h) indicate that more details on coverage will be provided in specific guidelines on goods to be included and excluded.

Issue 2:   Use of change of ownership between residents and non-residents

1.	**Current recommendation**

Except for several special cases (e.g., ships) and a reference to annex A, IMTS, Rev.2 does not provide further guidance on use of the change of ownership between resident and non-resident in international merchandise trade statistics.

2.	**Results of the worldwide consultation**

The Consultation paper contained the following question(s):

Question 2:   Do you agree that
  (i)   the reasons for use of change of ownership between residents and non-residents as an alternative criterion for inclusion of certain categories of goods should be clarified?
  (ii)   a list of such categories of goods should be developed, reviewed and added to the revised manual?

Q2 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q2(i) - Replies of 115 countries	77	8	15	1
Developed (34)	91	3	6	0
Developing and transitional (81)	70	10	19	1
Q2(ii) - Replies of 115 countries	80	7	12	1
Developed (34)	85	3	12	0
Developing and transitional (81)	78	9	12	1

There is overwhelming support (77% and 80%, respectively, with "No"-answers below 10%) for both parts of the question.

Comments from 62 countries were received on this question. Several comments suggest that change of ownership should only be used in a very limited set of special cases and that a list of cases and examples would be useful. Particular issues which raised concern are the recording of ships, aircraft, satellites, sea products, gas and electricity, the refitting of ships, processing incl. oil refining, financial leasing and trade without crossing the border. In this connection the issues of partner country attribution and time of recording should be addressed also. The concepts of "change of ownership", "resident" and "non-resident" should be clearly defined in order to avoid misinterpretations.

Issue 3: Packaged software

1. Current recommendation(s)

IMTS, Rev.2, makes a distinction between packaged software (or audiovisual products), which is recommended to be included, and software "developed to order". The following paragraphs give the details.

Goods used as carriers of information and software (IMTS, Rev.2, para. 27). This category includes, for example, (a) packaged sets containing diskettes or CD-ROMs with stored computer software and/or data developed for general or commercial use (not to order), with or without a users' manual, and (b) audio- and videotapes recorded for general or commercial purposes (see para. 123 below for recommendation on valuation). However, (i) diskettes or CD-ROMs with stored computer software and/or data, developed to order, (ii) audio- and videotapes containing original recordings, and (iii) customized blueprints etc. are to be excluded from international merchandise trade statistics.

Under IMTS, Rev.2, para.48 ***Goods treated as part of trade in services*** it is stated that "this category includes (i) diskettes or CD-ROMs with stored computer software and/or data, developed to order, (ii) audio- and videotapes containing original recordings, and (iii) customized blueprints etc."

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 3: Do you agree that the existing recommendation (IMTS, Rev.2, para 27) for inclusion of goods used as carriers of information and software[2] should be updated with respect to its scope?

Q3 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q3 - Replies of 115 countries	85	5	7	3
Developed (34)	88	3	6	3
Developing and transitional (81)	84	6	7	2

85% of countries are for the clarification of the scope.

Comments from 60 countries were received on this question. Despite the overall agreement, the majority of respondents are not sure how to amend the recommendation. The minority who tries to formulate a proposal is split between the ones which prefer to keep the essence of the current recommendation with some clarification and the ones which argue that all such products should be excluded from IMTS. Countries indicate that the available customs procedures do not allow for a separate identification of the various kinds of information or software crossing country borders on recorded media and that such data might be obtained

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[2] For instance, packaged sets containing diskettes or CD-ROMs with stored computer software and/or data developed for general or commercial use [not to order].

only via additional surveys. Some countries raise the issue of different license and pay arrangements for software and several indicate the difficulty of distinguishing between packaged software and software developed to order.

Issue 4:   Goods for processing

1.   Current recommendation

Goods for processing (IMTS, Rev.2, para 28). These are goods sent abroad or brought into a country for processing, including processing under contract. Examples are oil refining, metal processing, vehicle assembly and clothing manufacture. These goods and goods resulting from such processing should be recorded as imports and exports of the respective countries.

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 4:   Do you agree
  (i)   that the existing recommendation (IMTS, Rev.2, para 28) for inclusion of ***goods for processing*** should be updated to define more clearly its scope?
  (ii)   that a new recommendation should be added which states that ***goods for processing*** <u>with physical inputs owned by others</u> be separately recorded?

Q4 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q4(i) - Replies of 115 countries	86	7	6	1
Developed (34)	85	12	3	0
Developing and transitional (81)	86	5	7	1
Q4(ii) - Replies of 115 countries	63	19	15	3
Developed (34)	47	35	15	3
Developing and transitional (81)	70	12	15	2

There is almost universal support (86%, with "No"-answers 7%) for the first part of this proposal. The majority of countries (63%) support the separate recording of goods for processing owned by others but there is significant opposition (19% of countries replied no) to this proposal. The opposition to part 2 of this proposal is three times as strong from developed countries (35%) than from other countries (12%).

Comments from 61 countries were received on this question. Countries suggest that processing needs to be clearly defined and differentiated from other transactions. Some find change of ownership to be not sufficiently defined or difficult to determine (i.e. in the case of trade between affiliated enterprises). Many countries see difficulties in identifying goods for processing with physical inputs owned by others and several countries request that the revised recommendations provide practical guidelines and best practices for the identification and measurement of these transactions. Several countries suggest to utilize customs procedure codes or the nature of transactions coding system (in the EU) to identify this kind of transactions. Other countries suggest using surveys. Several countries are concerned about the difference to BOP statistics and request that a clear explanation about the link or bridge to BOP statistics should be provided in the revised recommendations.

Issue 5: Transactions between parent and affiliated branches

1. Current recommendation

According to IMTS, Rev.2, *Goods which cross borders as a result of transactions between parent corporations and their direct investment enterprises (affiliates/branches)* are to be included (IMTS, Rev. 2, paragraph 29).

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 5:   Do you agree that the existing recommendation (IMTS, Rev.2, para 29) to include goods which cross borders as a result of transactions between parent corporations and their direct investment enterprises (affiliates/branches) is supplemented by a new recommendation that such goods should be separately recorded?

Q5 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q5 - Replies of 115 countries	57	26	17	0
Developed (34)	47	35	18	0
Developing and transitional (81)	62	22	16	0

The majority of countries (57%) support the separate recording of trade between related parties but there is significant opposition as 26% of countries disagreed with this proposal. Only 47% of developed countries support this proposal and 35% are opposing it. Developing and transitional countries are more clearly in support of this proposal (62%, with "No"-answers 22%).

Comments from 64 countries were received on this question. There is general support for the goal to collect this information, but, at the same time, countries are concerned about the practicality of data collection as part of IMTS because of two reasons: first, customs documents, normally, do not contain the required information (or it is not deemed reliable) and, second, there appears to be no clear and uniform definition of related parties. Also, depending on the exact information needs, it is suggested that there are different, maybe more appropriate ways to collect this information such as additional surveys in the framework of business statistics. Several countries bring up the related issue of change of ownership.

Issue 6: Downloadable or otherwise electronically delivered computer software and audiovisual products

1. Current recommendation

Downloadable or otherwise electronically delivered computer software and audiovisual products are not explicitly covered by IMTS, Rev.2 and BPM5. IMTS:CM does make reference in chapter 5, paragraph 125.

(IMTS:CM, Ch. 5, para 125) The electronic transmission of *any* information (software, blueprints, books, music, engineering plans etc.) from one country to another is outside the scope of trade statistics since it is generally considered to be a service rather than a good.

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 6: Do you agree that a new recommendation is needed to explicitly exclude electronic transmission of any downloadable product (e.g., software, blueprints, books, music, movies, engineering plans, etc.) from one country to another as it is outside the scope of international merchandise trade statistics?

Q6 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q6 - Replies of 115 countries	83	7	10	0
Developed (34)	88	3	9	0
Developing and transitional (81)	81	9	10	0

There is almost universal support (83%, with "No"-answers only 7%) for this proposal.

Comments from 53 countries were received on this question; most of them support the proposal to add an explicit recommendation to exclude software and audiovisual products delivered electronically. It is mentioned many times that those should be part of trade in services and the recommendation should be in line with BPM6. Some countries request to elaborate and clarify the issue, especially the question of why the mode of delivery is taken into account in some cases for distinguishing between goods and services. As an example, packaged software delivered on CD-ROM is included in IMTS, but the same software delivered electronically is excluded.

Issue 7:   Asymmetric inclusions and exclusions

1.   Current recommendations

In a number of cases IMTS, Rev.2 contains asymmetrical recommendations on inclusions and exclusions for imports and exports. For instance:

Bunkers, stores, ballast and dunnage (IMTS, Rev.2, para 39) that are:
(a) Acquired by national vessels or aircraft from foreign vessels or aircraft in the economic territory of a country, or are landed in national ports from foreign vessels or aircraft, are to be <u>included</u> in imports (for treatment in exports, see para. 59 (b) below);
(b) Supplied to foreign vessels or aircraft in the economic territory of a country are to be <u>included</u> in exports (for treatment in imports, see para. 59 (a) below).

Bunkers, stores, ballast and dunnage (IMTS, Rev.2, para 59) that are:
(a) Acquired by national vessels or aircraft outside the economic territory of a country are to be <u>excluded</u> but recorded separately (for treatment in exports, see para. 39 (b) above);
(b) Supplied by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of a country or landed in foreign ports from national vessels or aircraft are to be <u>excluded</u> but recorded separately (for treatment in imports, see para. 39 (a) above)

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 7:   Do you agree
   (i)   that as a general guideline, recommendations on inclusions and exclusions should be symmetrical (that is if a certain category of goods is recommended for inclusion in imports statistics it should be recommended for inclusion in exports statistics as well and vice versa)?
   (ii)   that all asymmetric inclusions and exclusions[3] be reviewed, and either reconfirmed, modified or canceled?

Q7 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q7(i) - Replies of 115 countries	74	10	15	1
Developed (34)	76	15	9	0
Developing and transitional (81)	73	9	17	1
Q7(ii) - Replies of 115 countries	77	6	14	3
Developed (34)	88	6	6	0
Developing and transitional (81)	73	6	17	4

There is very strong support for this proposal (74% and 77% vs. "No"-answers 10% and 6%, respectively).

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[3] For instance, bunkers supplied to foreign vessels or aircraft which are recommended for inclusion in exports statistics [IMTS, Rev.2, para 39, page 6], but recommended for exclusion from imports statistics [IMTS, Rev.2, para 59, page 8]

Comments from 51 countries were received on this question; many are quite positive on establishing symmetry, others are very hesitant or give observations in both directions. Most countries agree that it is good to review the asymmetries. However, many countries remark that it is very difficult to obtain information on transactions done by, for instance, national vessels outside the national territory and that compilation guidance should be suggested. Moreover, a number of countries observe that the collection of the necessary information via surveys should be done by BOP compilers and not by IMTS compilers.

Issue 8: Adding mode of transport

1. Current recommendations

There is no explicit reference to mode of transport in IMTS, Rev.2. However, IMTS, Rev.1, (IMTS, Rev1, paragraph 148) recommended that countries should collect import and export data by mode of transport, broken down into three categories:
- Air
- Water (of which Sea, Inland waterway)
- Land (Railway, Road, Pipeline)

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 8(a) Do you agree to include in IMTS, Rev.3 updated recommendations on compilation and dissemination of trade statistics by mode of transport?

Question 8(b) If yes, please indicate how mode of transport should be recorded:
(i)   By means of transport at port of departure/ port of arrival
(ii)   By predominant mode of transport
(iii)   By multiple modes of transport.
(iv)   Other, please explain below.

Q8 – Results	YES in %	NO in %	No Opinion in %	N/A in %
Q8(a) - Replies of 115 countries	92	8	0	0
Developed (34)	85	15	0	0
Developing and transitional (81)	95	5	0	0
Q8(b)(i) - Replies of 115 countries	67	17	1	16
Developed (34)	59	18	0	24
Developing and transitional (81)	70	16	1	12
Q8(b)(ii) - Replies of 115 countries	31	43	1	25
Developed (34)	15	56	0	29
Developing and transitional (81)	38	37	1	23
Q8(b)(iii) - Replies of 115 countries	25	53	0	22
Developed (34)	9	59	0	32
Developing and transitional (81)	32	51	0	17
Q8(b)(iv) - Replies of 115 countries	10	45	2	43
Developed (34)	24	38	0	38
Developing and transitional (81)	5	48	2	44

There is almost universal support (92%, with "No"-answers only 8%) for the proposal to add mode of transport. Yet, there is much less agreement on how mode of transport should be recorded. A clear majority of countries (67%, with "No"-answers 17%) want, that the means of transport at the port of departure/ port of arrival should be recorded. The other options, the recording of predominant mode of transport or multiple mode of transport were rejected by more countries (43% and 53%, respectively) than supported (31% and 25%, respectively).

Comments from 64 countries were received on this question. Overall the comments reflect the quantitative results that the means of transportation at departure or arrival should be taken as mode of transport. Nevertheless, there is considerable discussion on the use of predominant mode of transport. There appears to be a need to exactly specify how mode of transport should be recorded as several countries referred to the mode of transport at the time of crossing the border instead of port of arrival/departure. It is suggested to consider transmission lines such as pipelines and cable/wire as a separate mode of transport category. It is also requested to address the issue of goods moving under their own power.

Issue 9:   Adding Imports on FOB-type basis

1.   Current recommendation

(IMTS, Rev.2, para 116) To promote the comparability of international merchandise trade statistics and taking into account the commercial and data reporting practices of the majority of countries, it is recommended that:
   (a) ***The statistical value of imported goods be a CIF-type value***

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 9:   Do you agree
   (i)   that in addition to the existing recommendation on the valuation of imports[4], a new recommendation should be added to compile the statistical value of such goods also on a FOB-type basis (as supplementary information)?
   (ii)   that the compilation of such FOB-type imports data should be at least at total level
   (iv)   that compilation of such FOB-type imports data at the detailed level should be encouraged?

Q9 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q9(i) - Replies of 115 countries	60	30	10	1
Developed (34)	35	56	9	0
Developing and transitional (81)	70	19	10	1
Q9(ii) - Replies of 115 countries	56	25	17	3
Developed (34)	44	38	12	6
Developing and transitional (81)	60	20	19	1
Q9(iii) - Replies of 115 countries	52	28	17	3
Developed (34)	26	56	12	6
Developing and transitional (81)	63	16	20	1

All three parts of the proposal find narrow majority support (60%, 56% and 52% respectively) with the strongest rejection of part 1 ("No"-answers 30%). There is almost equal opposition to reporting imports FOB at total or at detailed level (25% and 28%, respectively). Most developed countries (56%) oppose the proposal (part 1).

Comments from 70 countries were received on this question; the majority of countries are quite positive on recommending imports FOB, others do not want this recommendation or give observations in both directions. Most countries agree that having imports FOB at some level of detail is a good idea, but some argue that it is not the responsibility of IMTS but BOP compilers to compile this information. Some compilation guidance could be suggested.

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[4] The statistical value of imported goods be a CIF-type value (IMTS, Rev.2, para. 116, point (a), page 17).

Issue 10:   Strengthening country of consignment for imports

1.   Current recommendation

(IMTS, Rev.2, para 150) Although no single method of attributing partner country is ideal, attribution by origin for imports meets what is considered to be a priority application of international merchandise trade statistics, namely, matters of trade policy and related economic analysis.   Consequently, it is recommended that in the case of imports, the country of origin be recorded; *that the country of consignment be collected as additional information*; and that in the case of exports, the country of last known destination be recorded.

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 10: Do you agree that the existing recommendation to collect the country of consignment for imports as additional information (IMTS, Rev.2, para 150, page 23) should be strengthened by recommending to collect the country of consignment as the second partner attribution for imports alongside with the country of origin?

Q10 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q10 - Replies of 115 countries	75	15	10	1
Developed (34)	79	15	6	0
Developing and transitional (81)	73	15	11	1

A large majority of countries (75%) support this proposal although there is also disagreement (15%).

Comments from 61 countries were received on this question. A significant number of countries are collecting this information already. Many countries explicitly support this proposal as important for analytical purposes and trade reconciliation. Some countries warn to publish import statistics on the country of consignment basis alongside the existing statistics based on country of origin. Some countries raise the prospect of using the country of consignment as an alternative to the country of origin in certain cases. Some comments emphasize the importance of country of consignment for imports for trade analysis, reconciliation studies and especially in identifying triangular trade. Also, there is a concern of how to deal with the case of multiple countries of consignment. Some countries comment that they may need to change the customs declaration and warn of an increase in the reporting burden.

Issue 11:   Optional or recommended country of consignment for exports

1.   Current recommendation

There is no reference to country of consignment for exports in IMTS, Rev.2.

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 11:   Do you agree that the country of consignment for exports should be
   (i)   the second recommended partner attribution alongside with country of the last known destination?
   (ii)   an encouraged optional partner attribution?

Q11 – Results	YES in %	NO in %	No Opinion in %	N/A in %
Q11(i) - Replies of 115 countries	49	31	18	2
Developed (34)	41	47	12	0
Developing and transitional (81)	52	25	21	2
Q11(ii) - Replies of 115 countries	28	32	35	5
Developed (34)	32	41	24	3
Developing and transitional (81)	26	28	40	6

There appears to be more support (but not a majority) than opposition to the proposal of using the country of consignment for exports as the second recommended partner attribution alongside with the country of the last known destination (49% versus 31%). The majority of developing and transitional countries (52%) were in favor of such a proposal while only 41% of developed countries supported it (with 47% in opposition). There is a stronger support for recommending country of consignment as a second partner attribution than as an encouraged optional partner attribution (49% vs. 28%).

Comments from 47 countries were received on this question. Many countries mention the usefulness of information on the country of consignment in export statistics for the purpose of reconciliation exercises/ mirror statistics and for verifying the information regarding the country of last known destination. Others are of the view that this information is not needed, a burden for data providers and confusing (while others are saying this information will help to resolve confusion). Some countries are saying that a definition is needed in order to clarify what county of consignment means in the case of exports. A number of countries draw attention to compilation issues as information on the country of consignment for exports might not be included in the customs declaration while other countries state that this information is being collected already by their customs.

Issue 12:   Use of non-customs source and data compilation strategies

1.   Current recommendation

(IMTS, Rev.2, para 12) In a growing number of cases, full coverage of international merchandise trade statistics cannot be achieved by use of customs records only, either because the relevant transactions are no longer subject to customs controls or customs surveillance, or because the record keeping may not be adequate from the statistical point of view. It is recommended that in such cases, other sources be used. For instance, the member States of the European Union have developed, for the purposes of intra-Union merchandise trade statistics, a data collection system relying on monthly reporting by enterprises. Additional information is supplied via the fiscal authorities through the value-added tax collection system. Many countries utilize enterprise surveys as a means to collect data on transactions which may not be captured by customs authorities (e.g., trade in electricity, water, gas, petroleum and goods for military use). The international merchandise trade statistics of some other countries are based on the records of monetary authorities, and in the case of imports and exports of gold, most countries use data supplied by such authorities.

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 12:   Do you agree
   (i)   to include a new recommendation on the use of non-customs sources and data compilation strategies (e.g., on use of enterprise surveys, statistical business registers, aircraft and ship registers etc.) in the context of a diminishing role of customs declarations, the promotion of an integrated approach to economic statistics and the needs for analysis of globalization?
   (ii)   to address explicitly the issue of valuation and time of recording in the case of non-customs records?

Q12 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q12(i) - Replies of 115 countries	76	12	10	2
Developed (34)	79	15	6	0
Developing and transitional (81)	74	11	12	2
Q12(ii) - Replies of 115 countries	77	8	14	1
Developed (34)	71	12	18	0
Developing and transitional (81)	80	6	12	1

A large majority of countries support both parts of this proposal (76% and 77% vs. "No"-answers 12% and 8%, respectively).

Comments from 52 countries were received on this question. Countries describe their national practices and stress that non-customs sources are important and useful, in particular for obtaining information on the trade of special goods such as crude petroleum, natural gas, electricity, aircrafts, ships, so called shuttle trade and border trade. Countries agree that further guidance on the use (and limitations) of non-customs sources and data compilation

strategies would be useful. In this context some stress the importance of an integrated approach to economic statistics. EU countries make reference to the Intrastat system. Besides valuation and time of recording, partner country attribution in the case of non-customs sources is identified as an additional issue. The view is expressed that recommendations to use non-customs sources should not imply neglecting improvements in customs recording.

Issue 13:   Maintaining institutional arrangements

1.   Current recommendation

IMTS, Rev.2 contains no recommendation regarding institutional arrangements required for the collection of basic information for the purpose of compiling IMTS. However, *International Merchandise Trade Statistics: Compilers Manual* (IMTS:CM) describes various institutional frameworks (IMTS:CM, chapter 2) and indicates some desirable practices in this area. For example:

(IMTS:CM, Ch. 2, para 15) Compilers should establish a working arrangement with the organizations keeping records relevant to trade statistics (e.g., records of imports and exports of electrical energy, pipeline shipments of natural gas and crude oil, maintained by specialized governmental agencies). Compilers should also initiate, whenever appropriate, modifications to national legislation or relevant administrative regulations in order to establish a solid foundation for enhancing the quality and timeliness of trade statistics. This includes identifying governmental agencies involved in trade statistics and setting up a clear division of responsibility between them.

(IMTS:CM, Ch. 2, para 22) The reliance by the statistical office on data from sources external to itself requires close cooperative relationships with all governmental departments and agencies involved. The statistical office and the customs agency - the largest data supplier - along with other source agencies, should establish a **memorandum of understanding** so that the roles and responsibilities of each party with regard to all aspects of the production and distribution of official statistics are clearly defined. The memorandum should be updated, as needed.

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 13:   Do you agree to include a new recommendation on the need to establish and maintain necessary institutional arrangements to ensure effective compilation of trade statistics?

Q13 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q13 - Replies of 115 countries	87	2	10	1
Developed (34)	88	0	12	0
Developing and transitional (81)	86	2	10	1

There is universal support (87%, with "No"-answers 2%) for this proposal.

Comments from 45 countries were received on this question. Most countries stress the importance of appropriate legal frameworks and institutional arrangements which clearly define the responsibilities of the various institutions involved and contributing to the compilation and dissemination of IMTS. Several countries make reference to existing Memorandum of Understanding (MOUs) in their country and some mention the usefulness of providing best practices.

Issue 14: Recommendations on quality of international merchandise trade statistics

1.   Current recommendations

IMTS, Rev.2 covers the issue of data quality mostly from the perspective of reporting and dissemination (see chapter VII). IMTS:CM contains a chapter on issues of data quality control (IMTS:CM, chapter 11).

2.   Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 14:   Do you agree
  (i)   that IMTS, Revision 3, should provide recommendations on quality of international merchandise trade statistics,
  (ii)   that this includes reporting of data quality?
  (iii)   that this includes assessment of data quality?
  (v)   that this includes the use of some data quality indicators?

Q14 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q14(i) - Replies of 115 countries	91	1	6	2
Developed (34)	85	3	12	0
Developing and transitional (81)	94	0	4	2
Q14(ii) - Replies of 115 countries	83	3	12	3
Developed (34)	82	6	12	0
Developing and transitional (81)	83	1	12	4
Q14(iii) - Replies of 115 countries	83	3	12	2
Developed (34)	76	9	15	0
Developing and transitional (81)	85	1	11	2
Q14(iv) - Replies of 115 countries	88	2	10	1
Developed (34)	85	3	12	0
Developing and transitional (81)	89	1	9	1

There is almost universal support for all four parts of this proposal (91%, 83%, 83% and 88% respectively with "No"-answers for all parts of the question below 4%).

Comments from 50 countries were received on this question. Despite the overall support numerous countries have concerns about the scope of these recommendations (for example, whether indices and surveys and asymmetries will be covered) and how such guidance will be provided. There seems to be a preference for the provision of detailed guidelines or description of best practices/ examples in the revised Compilers Manual instead of IMTS, Rev.3 where recommendations might focus more on providing general guidelines. Many developed countries want that such recommendations/ guidelines are not in conflict with their established practices/ quality frameworks. Several developing countries request that the revised recommendations provide practical guidance on how to ensure data quality in IMTS.

Issue 15:   Providing additional recommendations on the compilation and dissemination of metadata of international merchandise trade statistics

1.	Current recommendations

(IMTS, Rev.2, para 154) ***Dissemination***. The usefulness of international merchandise trade statistics, like other economic statistics, is enhanced when the needs of the user community are met. These user-needs include clear information on the sources and methods used to collect and compile the data, as well as timely, regular, reliable and accurate data. However, it is recognized that the objectives of timeliness, reliability and accuracy of the data may conflict. Therefore, it is recommended that data compilers:

    (a)   Publicly disseminate documentation on their sources and methods;

    (b)   Publicly announce scheduled release dates;

    (c)   Provide regular monthly reporting of data to the user community through publications and/or electronic media;

    (d)   Regularly revise data (when additional information is available), taking into due consideration user needs for reliable statistics.

2.	Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 15: Do you agree that IMTS, Revision 3, should provide additional recommendations on the compilation and dissemination of metadata as an integral part of the regular work programme of trade statistics compilers?

Q15 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q15 - Replies of 115 countries	90	5	3	2
Developed (34)	88	9	3	0
Developing and transitional (81)	90	4	4	2

There is universal support (90%, with "No"-answers 5%) for this proposal.

Comments from 41 countries were received on this question. Many comments suggest providing a list of items or a template, preferable in the Compilers Manual. Some countries warn that agreement on details will be difficult to achieve and a few countries say there is not much need for such additional recommendations. Yet, many countries stress the importance of metadata for the correct interpretation and comparison of IMTS. Several countries make reference to existing reporting standards such as the IMF's GDDS or the reporting requirements within the EU.

Issue 16: Compilation of external trade indices

1. Current recommendation

(IMTS, Rev.2, para 160) **_Index numbers_**. Although price indices are generally preferred, in practice, countries may not have the resources available to compile that information. It is recommended that all countries produce and publish volume (quantum) indices and either unit value or price indices for their total imports and exports on a monthly, quarterly and annual basis. Countries are also encouraged to calculate and publish such indices for the detailed commodity groups at least quarterly.

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 16:
(a) Do you agree that IMTS, Rev.3 should provide more detailed recommendations on the compilation, dissemination and use of external trade indices?
(b) Do you confirm that in your country (or area)
  (i) price surveys for the purpose of external trade indices are conducted on a regular basis?
  (ii) external trade indices are compiled based in whole or in part on these price surveys?
  (iii) unit values are calculated for the purpose of external trade indices?
  (iv) external trade indices are compiled based in whole or in part on these unit values?

Q16 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q16(a) - Replies of 115 countries	83	8	4	4
Developed (34)	76	18	3	3
Developing and transitional (81)	86	4	5	5
Q16(b)(i) - Replies of 115 countries	32	61	3	3
Developed (34)	56	38	0	6
Developing and transitional (81)	22	70	5	2
Q16(b)(ii) - Replies of 115 countries	25	66	4	4
Developed (34)	41	53	0	6
Developing and transitional (81)	19	72	6	4
Q16(b)(iii) - Replies of 115 countries	59	32	5	3
Developed (34)	79	12	3	6
Developing and transitional (81)	51	41	6	2
Q16(b)(iv) - Replies of 115 countries	56	34	6	4
Developed (34)	76	18	3	3
Developing and transitional (81)	47	41	7	5

There is overwhelming support (83%, with "No"-answers 8%) for the proposal to provide more detailed recommendations on the compilation, dissemination and use of external trade indices. 59% of responding countries calculate unit values and 56% use them for the compilation of external trade indices, while 32% of countries conduct regular price surveys

for the purpose of external trade indices. There are significant differences between developed and other countries as 56% of developed countries report conducting price surveys for the compilation of the external trade indices while only 22% of developing and transitional countries indicate doing the same.

Comments from 61 countries were received on this question. In their comments countries discuss their national practices and the pros and cons of price and unit value indices. Several countries make reference to the upcoming IMF manual on export and import price indices. Many countries express a clear need for more guidance on the methodology of the compilation of external trade indices in general and in particular on the use of unit values and price surveys for this purpose. Several countries express the need for training and technical assistance for the calculation of external trade indices.

Issue 17: Compilation of seasonally adjusted data

1. Current recommendations

(IMTS, Rev.2, para 161) *Seasonally adjusted data*. The publication of seasonally adjusted monthly/quarterly data, including both values and index numbers, provides additional valuable information required for economic analysis. Countries are encouraged to publish such data on a regular basis.

2. Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 17: Do you agree
- (i) that IMTS, Rev.3, should explicitly recommend the dissemination of seasonally adjusted data?
- (ii) that IMTS, Rev.3, should explicitly recommend a preferred adjustment method such as X12-ARIMA to make these data internationally comparable?

Q17 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q17(i) - Replies of 115 countries	63	15	21	2
Developed (34)	53	29	18	0
Developing and transitional (81)	67	9	22	2
Q17(ii) - Replies of 115 countries	57	20	21	3
Developed (34)	38	41	21	0
Developing and transitional (81)	64	11	21	4

A majority of countries (63% with "No"-answers 15%) support to explicitly recommend the dissemination of seasonally adjusted data. There is good support (57%) for recommending one particular adjustment method but also significant opposition (20%). Many developed countries (41%) reject the second part of this proposal and 29% reject part 1. Developing and transitional countries support both parts of the proposal strongly – 67% and 64% respectively, with "No"-answers 9 and 11%, respectively).

Comments from 47 countries were received on this question. A clear majority of countries wants to include a recommendation regarding the compilation of seasonally adjusted data (although one country commented that trade series is fairly difficult to model as it contains irregular elements that are not easily captured by seasonal adjustment methods). There is a strong opposition to recommending one adjustment method/tool because national circumstances may vary and it will not necessarily result in making data internationally comparable due to differences in the implementation and derivation of seasonal factors. For example, EU countries have been using the TRAMO-SEATS adjustment method according to the recommendations in the EU. Other countries have been using X12-ARIMA.

B. General comments

General comments from 37 countries were received. Countries indicate that the revised recommendations should be clear, explicit and provide examples; also the revised recommendations should be operational, deal with the practical issues and take into account different situations in countries. Several countries mention the need to take into account the relationship with national accounts and balance of payment statistics. A number of countries make also reference to the situation in the EU, raising questions related to the use of non-customs data sources such as data quality and the burden on respondents which should not increase. Some countries mention the need for technical assistance and training.

Annex 1: Summary of the quantitative results

Question	Replies of 115 countries				Developed (34)				Developing and transitional (81)			
	YES in %	NO in %	No Op.* in %	N/A in %	YES in %	NO in %	No Op.* in %	N/A in %	YES in %	NO in %	No Op.* in %	N/A in %
Q1(i)	82	10	8	1	91	6	3	0	78	11	10	1
Q1(ii)	75	12	10	3	82	12	6	0	72	12	12	4
Q1(iii)	85	7	4	3	91	6	0	3	83	7	6	4
Q2(i)	77	8	15	1	91	3	6	0	70	10	19	1
Q2(ii)	80	7	12	1	85	3	12	0	78	9	12	1
Q3	85	5	7	3	88	3	6	3	84	6	7	2
Q4(i)	86	7	6	1	85	12	3	0	86	5	7	1
Q4(ii)	63	19	15	3	47	35	15	3	70	12	15	2
Q5	57	26	17	0	47	35	18	0	62	22	16	0
Q6	83	7	10	0	88	3	9	0	81	9	10	0
Q7(i)	74	10	15	1	76	15	9	0	73	9	17	1
Q7(ii)	77	6	14	3	88	6	6	0	73	6	17	4
Q8(a)	92	8	0	0	85	15	0	0	95	5	0	0
Q8(b)(i)	67	17	1	16	59	18	0	24	70	16	1	12
Q8(b)(ii)	31	43	1	25	15	56	0	29	38	37	1	23
Q8(b)(iii)	25	53	0	22	9	59	0	32	32	51	0	17
Q8(b)(iv)	10	45	2	43	24	38	0	38	5	48	2	44
Q9(i)	60	30	10	1	35	56	9	0	70	19	10	1
Q9(ii)	56	25	17	3	44	38	12	6	60	20	19	1
Q9(iii)	52	28	17	3	26	56	12	6	63	16	20	1
Q10	75	15	10	1	79	15	6	0	73	15	11	1
Q11(i)	49	31	18	2	41	47	12	0	52	25	21	2
Q11(ii)	28	32	35	5	32	41	24	3	26	28	40	6
Q12(i)	76	12	10	2	79	15	6	0	74	11	12	2
Q12(ii)	77	8	14	1	71	12	18	0	80	6	12	1
Q13	87	2	10	1	88	0	12	0	86	2	10	1
Q14(i)	91	1	6	2	85	3	12	0	94	0	4	2
Q14(ii)	83	3	12	3	82	6	12	0	83	1	12	4
Q14(iii)	83	3	12	2	76	9	15	0	85	1	11	2
Q14(iv)	88	2	10	1	85	3	12	0	89	1	9	1
Q15	90	5	3	2	88	9	3	0	90	4	4	2
Q16(a)	83	8	4	4	76	18	3	3	86	4	5	5
Q16(b)(i)	32	61	3	3	56	38	0	6	22	70	5	2
Q16(b)(ii)	25	66	4	4	41	53	0	6	19	72	6	4
Q16(b)(iii)	59	32	5	3	79	12	3	6	51	41	6	2
Q16(b)(iv)	56	34	6	4	76	18	3	3	47	41	7	5
Q17(i)	63	15	21	2	53	29	18	0	67	9	22	2
Q17(ii)	57	20	21	3	38	41	21	0	64	11	21	4

* No Opinion.